TESTIMONY OF

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HEALTH NET FEDERAL SERVICES

BEFORE THE COMMITTEE ON VETERANS' AFFAIRS

UNITED STATES HOUSE OF REPRESENTATIVES

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Biography of Donna Hoffmeier

Donna Hoffmeier is Vice President and Program Officer, VA Services at Health Net Federal Services, LLC (Health Net), responsible for the daily leadership and management of Health Net's Department of Veterans Affairs (VA) programs. Her responsibilities include the management and oversight of Health Net's VA lines of business including the Patient-Centered Community Care (PC3) and Veterans Choice programs.

Ms. Hoffmeier has over 30 years of experience, success, and accomplishments in the private and public sectors as a senior executive, professional staff member in the United States House of Representatives, and military leader. Ms. Hoffmeier joined Health Net in 2006. Prior to joining Health Net, she served in a number of positions at UnitedHealth Group, including Vice President, Public and Government Strategy.

Ms. Hoffmeier worked in the federal government for over fifteen years, including five years of congressional staff service and nearly 11 years on active duty in the U.S. Navy. As a professional staff member on the House Armed Services Committee, she was responsible for evaluating and developing policy and legislation affecting the Military Health System. For the majority of her Navy service, Ms. Hoffmeier was a public affairs officer (PAO). Navy assignments included the Office of the Chief of Naval Information, PAO on board the hospital ship USNS Mercy during Desert Shield/Desert Storm, and Officer in Charge of the Navy Broadcasting Service Detachment in Rota, Spain.

A native of Florida, Ms. Hoffmeier earned a Bachelor of Arts degree in mass communication from the University of South Florida.

A History of Partnership

Chairman Miller, Ranking Member Brown, and Members of the Committee, I appreciate the opportunity to testify on Health Net's implementation and administration to date of the Department of Veterans Affairs' (VA) Patient-Centered Community Care (PC3) and Veterans Choice programs.

Health Net Federal Services is proud to be one of the largest and longest serving health care administrators of government and military health care programs for the Department of Defense (DoD) and Department of Veterans Affairs (VA). Health Net's health plans and government contracts subsidiaries provide health benefits to more than five million eligible individuals across the country through group, individual, Medicare, Medicaid, TRICARE, and VA programs.

For over 25 years, in partnership with DoD, Health Net has served as a Managed Care Support Contractor in the TRICARE Program. Currently, as the TRICARE North Region contractor, we provide health care and administrative support services for three million active-duty family members, military retirees and their dependents in 23 states. We also deliver a broad range of customized behavioral health and wellness services to military service members and their families, including Guardsmen and reservists. These services include the worldwide Military and Family Life Counseling (MFLC) program providing non-medical, short-term, problem solving counseling, rapid-response counseling to deploying units, victim advocacy services, and reintegration counseling.

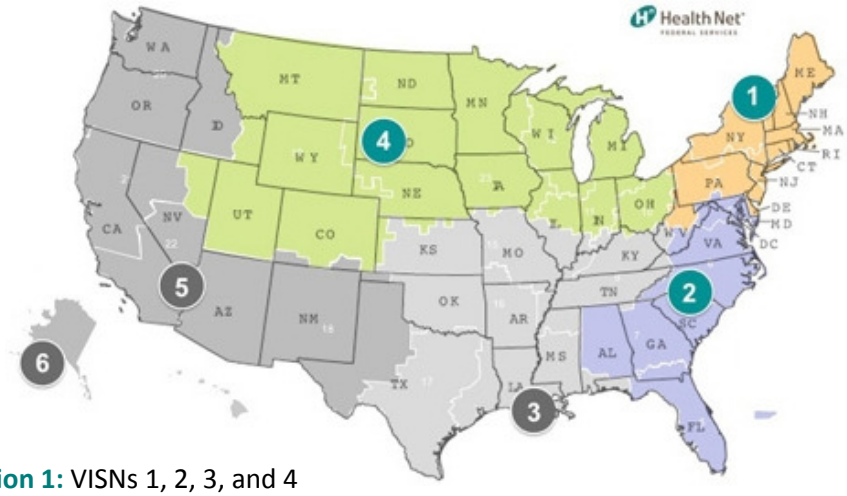
As an established partner of VA, Health Net has collaborated in supporting Veterans' physical and behavioral health care needs through Community Based Outpatient Clinics (CBOCs) and the Rural Mental Health Program. We also have supported VA by applying sound business practices to achieve greater efficiency in claims auditing and recovery, and previously through claims re-pricing. It is from this long-standing commitment to supporting the military and Veterans community that we offer our thoughts on the role of PC3 and Choice in augmenting VA's ability to provide eligible Veterans with timely access to needed health care services.

The Evolution of PC3 and Choice

The Department of Veterans Affairs developed Patient-Centered Community Care (PC3) to provide eligible Veterans access to health care through a comprehensive network of community-based, non-VA medical professionals. Care is available through PC3 when local VA Medical Centers cannot readily provide the needed care to Veterans due to limited capacity, geographic inaccessibility or other limiting factors. Services available through PC3 include primary care, inpatient specialty care, outpatient specialty care, mental health care, limited emergency care, limited newborn care for enrolled female Veterans following delivery, skilled home health care, and home infusion therapy.

In September 2013, Health Net was awarded a contract for three of the six PC3 regions. These regions include 13 of 21 VISNs; 90 VA Medical Centers in all or part of 37 states; Washington, D.C.; Puerto Rico; and the Virgin Islands.

Figure 1: Health Net Federal Services' Contracted PC3 Regions 1, 2 and 4



Region 1: VISNs 1, 2, 3, and 4
Region 2: VISNs 5, 6, 7, and 8
Region 4: VISNs 10, 11, 12, 19, and 23

Health Net phased in implementation of PC3 across our regions during a six month implementation period, with services starting for the first VA Medical Centers on January 6, 2014. We completed implementation of all remaining VA Medical Centers by April 1, 2014. Originally covering only specialty care, the PC3 program was expanded to include primary care in August 2014.

In August 2014, with the leadership of this Committee, Congress passed and the President signed into law the Veterans Access, Choice, and Accountability Act of 2014 (VACAA, Public Law 113-146, "Choice Act"), which directed the establishment of a new program to better meet the health care needs of Veterans. The law directs the establishment of a Veterans Choice Card benefit that allows eligible Veterans who are unable to get a VA appointment within 30 days of their preferred date or the date medically determined by their physician; reside more than 40 miles from the closest VA healthcare facility (there are different mileage rules for some states, such as New Hampshire and Hawaii); or face other specific geographic burdens in traveling to a VA facility to obtain approved care in their community instead.

In October, VA amended our PC3 contract to include several components in support of the Choice Act such as production and distribution of Choice Cards; establishment of a Choice call center to answer Veteran's questions about the Choice program and to verify eligibility for it; appointing services for eligible Veterans with Choice-eligible community providers; and claims processing. Since VACAA required implementation by November 5, 2014, we worked collaboratively with VA and TriWest (the contractor for the other three PC3 regions) to develop an implementation strategy with extremely aggressive timelines. This ambitious schedule allowed for minimal time to hire and train staff and to reconfigure our systems for the new program, which contains many requirements that differ from PC3 and therefore have to be

tracked and recorded separately. Despite the fast-paced implementation schedule, on November 5th, Veterans started to receive their Choice Cards and were able to call in to the toll-free Choice telephone number and speak directly with a customer service representative about the Choice program.

Engaging Collaboratively

From the start of discussions on implementation of VACAA, the VA Chief Business Office, Contracting Office, and senior VHA officials have worked closely with both contractors to establish priorities, provide policy guidance and develop process flows. As Choice implementation progressed, more policy and process items were identified. We collectively agreed to establish a Steering Committee and several Work Groups to address these items and to provide an effective forum for VA to provide clear policy decisions and program requirements. This approach has been valuable in identifying policy and process gaps, facilitating decision making designed to resolve any issues, and ensuring consistency across all regions. We have committed to making the appearance of the programs seamless for Veterans across the country, regardless of where they reside or which contractor provides service.

A key component to the success of both PC3 and Choice is acceptance by community providers. To accomplish our goal of providing Veterans with timely access to care in the communities in which they reside, Health Net proactively recruits providers to both PC3 and Choice. This is another area of collaboration with VA. In addition to public-facing, self-service information found on the Health Net website, we have attended community conferences to educate and engage providers.

A specific example of collaboration between VA and the Choice contractors to educate and engage providers is the effort to integrate Federally Qualified Health Centers (FQHCs).We are working very closely with VHA's Office of Rural Health on this effort, and participated with VA at the National Rural Health Association annual conference and National Association of Community Health Centers webinar. In addition, we have been very successful in working with the Virginia Primary Care Association to contract 26 FQHCs as VA Choice providers; our approach to outreach in Virginia has become a model we will pursue in other states. This collaborative effort has been invaluable in engaging the FQHCs – to date, we have recruited a total of 115 FQHCs to participate in Choice (27 FQHCs) or join our PC3 network (88 FQHCs).

Health Net also has spoken with several Members' offices about conducting provider outreach in their home districts. Recently, Health Net participated in two Choice education and outreach meetings organized by Ranking Member Brown in Jacksonville, Florida. These meetings provided an excellent opportunity to educate both Veterans and community providers on the Choice program. They also enabled Veterans and community providers to discuss challenges they have experienced with obtaining services through Choice. Based on the invaluable feedback from participants in these meetings, we have been working on some process enhancements to simplify participation for providers and to identify either process gaps or policy decisions that may be impacting the Veteran's experience with Choice. I would like to thank Ranking Member Brown for the opportunity to participate.

Results to Date

Under PC3, from program inception in January 2014 through April 13, 2015, VA has provided Health Net with over 150,000 authorizations for care in 75 specialty areas and primary care. The top six areas of specialty care, comprising about 50 percent of authorizations include: optometry, physical therapy, podiatry, primary care, orthopedics, and colonoscopy. To meet demand, Health Net's network presently includes almost 76,600 providers. Since the beginning of April 2015, Health Net has successfully recruited over 4,200 additional providers, including 27 hospitals.

From the inception of the Choice program in November through the beginning of May 2015, we have answered about 550,000 calls, with the vast majority of those calls coming from Veterans seeking information on Choice or requesting an authorization for care. About 30,000 Veterans have opted-in to the Choice Program with almost two-thirds eligible based on wait time. About 16,500 authorizations have been made for wait list eligible Veterans and nearly 10,000 authorizations have been issued for mileage-eligible Veterans. With the recent change in eligibility criteria based on driving distance, we expect a significant increase in demand for care for mileage eligible Veterans.

Moving Forward

Implementation of any new program is challenging, particularly when the change is significant and the implementation period is condensed into a very short timeframe. Working collaboratively with VA and our colleagues at TriWest, we were able to effectively stand up the Choice Program by November 5th, as required by the statute. In achieving this milestone, Choice cards were mailed out to all Veterans identified as eligible by VA, calls to the Choice 866 number were answered promptly, and Veterans have been able to exercise the option of obtaining care within their local community when the VA capacity is limited or the VA facility is far from the Veteran's home. Having said that, we know there have been bumps in the road with the accelerated rollout of Choice – delays in eligibility information being available, confusion over program details, and incorrect or sometimes conflicting information provided to Veterans. These bumps have understandably caused a level of Veteran frustration.

While the collaboration with VA since the start of the Choice program has been solid, there still is considerable work that needs to be done to resolve outstanding policy and process questions, adequately ensure appropriate staff training, conduct provider outreach, and enhance Veteran education. To that end, we would like to offer a few key recommendations for enhancing Choice that we believe will facilitate achieving a state where the program effectively optimizes VA capacity and enables VA to provide all eligible Veterans with access to the care they need in a consistent and gratifying manner.

1. **Consolidate non-VA programs**
   Currently, there are multiple options for non-VA care, including Choice, PC3, local agreements/direct contracts and individual authorizations ("Fee"). Each option has different reimbursement levels, different requirements for community providers (requirements for return of medical documentation, credentialing, etc.), and different

"administrators" (VA Medical Center non-VA care staff, VA contracting staff, PC3/Choice contractors). These various options create enormous confusion with non-VA (community) providers, Veterans, VA Medical Center staff and contractor staff. Reducing the number of non-VA care options would help to reduce confusion.

We understand VA is about to address this issue. We commend VA for its efforts to resolve the challenges created by these multiple options for delivering care to Veterans when VA lacks the capability or capacity to provide it directly. VA has informed us of a number of key initiatives being planned to streamline non-VA care and to ensure Veterans have access to Choice. We fully support these efforts.

To ensure success as we move forward in support of Choice, we recommend VA develop a coordinated implementation strategy that clearly defines each initiative and lays out an execution schedule that is both aggressive and achievable. Currently, we receive around 10 percent of the non-VA care volume through PC3 and Choice. Moving from 10 percent to 100 percent requires a well-defined road map that is communicated to all key stakeholders – VISN and VA Medical Center leadership and staff, both contractors, Congress and most importantly, Veterans. As this effort moves forward, it is critical that certain steps be taken:

- Outstanding policy and process issues must be resolved

- Comprehensive training of VA and contractor staff must be conducted using consistent process flows and scripting

- Policy and operational documents and/or manuals should be developed and provided for use by VA facilities and both contractors

2. **Eliminate unnecessary impediments to community provider participation**
Consolidating options into one approach that also minimizes VA-unique requirements for community providers would have a very positive impact on the willingness of community providers to participate in Choice. Specific community provider challenges and impediments to participation include:

- Medical documentation requirements that are not consistent with commercial/community standards. VA requirements for medical documentation are often more detailed than accepted standard of practice in commercial health care. For example, PC3 and Choice require specific elements, short timelines, and provider signatures. VA asks for more documentation and more specific detail, such as provider social security numbers, than is typically provided in private sector health care. In addition, many of these requirements are not present in other non-VA care options.

- Delays in payment of medical claims due to return of medical documentation. Providers are not paid until medical documentation is returned and accepted by VA. This delays payments to providers who have already legitimately provided

the services and complied with the requirements to return medical documentation. Continued delays in payment will result in dwindling community provider participation and access problems could return.

- High level of appointment no-shows in the community. Currently, we are required to schedule appointments for Veterans we are unable to reach by phone, and then notify these Veterans of their appointment by mail. This process increases Veteran no-show rates and causes frustration with community providers. Community providers have no ability to bill VA for these no-shows, nor can providers bill the Veteran a fee. This process also creates frustration for VA Medical Center staff because Veterans show up for VA appointments that may have been cancelled due to their scheduled community appointment. More importantly, it means Veterans may not receive needed care in a timely manner. We think a modification to this process would reduce community provider reluctance to participate.

- Confusion on where to send documentation and claims. This issue is largely related to multiple non-VA care options and would be substantially aided by a more coherent (and smaller) set of options in non-VA care programs.

- Lack of timely follow-up for authorizations on needed additional services requested by provider for appropriate clinical care. PC3 and Choice services are authorized for "episodes of care." Once an episode of care is complete, additional authorizations are necessary, even for follow-on care that is normally considered standard of practice. This issue currently is being addressed by VA and much progress has been made already to ensure timely approval of requests for additional services. We appreciate VA working collaboratively with us to address this challenge.

- Primary care in 60 day increments for 30 day wait list eligible Veterans is difficult for primary care providers outside of urgent care settings.

- The 60-day limit on an episode of care under the Choice program creates challenges in certain clinical areas, such as chemotherapy, radiation oncology, and complicated obstetrics. With these types of care, it could be harmful to bring the patient back to VA part way through a course of treatment because the VA has availability at the 60 day point and the patient is no longer wait list eligible. There is similar risk if the patient changes address during a course of treatment but is still close enough to receive care from the Choice provider but is no longer eligible by distance criteria. Some flexibility to support continuity of care when it is important to veteran outcome would be very helpful.

Committed to Veterans' Choice

In closing, I would like to thank the Committee for its leadership in ensuring our nation's Veterans have prompt access to needed health care services. We believe there is great potential for the Choice program to help VA deliver appropriate, coordinated, and convenient care to Veterans. We are committed to continuing our collaboration with VA and TriWest to ensure Choice succeeds in providing Veterans with timely access to care when VA is unable to provide it. Working together, and with the support and leadership of this committee, we are confident that the Choice Program will deliver on our obligation to this country's Veterans.